



# AMG Weekly Market Update

8<sup>th</sup> Feb, 2010

## Harsh yet necessary decisions

News about the sovereign credit concerns for the Greece flooded the media. Some speculated about the spread of sovereign credit risk among the “PIIGS” countries while government officials attempted to reassure investors about their ability to solve the problem. While a mixed bag of messages was sent to the market, investors tended to cut back their risk exposure and it caused some selling pressure for risky assets.

Though that market sentiment turned sour, it did not mean we are in a new spate of crisis. After all, the issue is about public finance. At present, there are no signs that any of Greece, Portugal, Spain, Italy or Ireland is going to default on their national debt. The worry is about mounting debt to bring them down in next few years.

But, we must not ignore the fact that the deficit problem has come into policy focus. The government of Greek and Portuguese have handed out their plan to cut government spending and raise taxes. Admittedly not everyone welcome the tightening measures, but it is necessary for the well being of the country. And the supervision of European Commission gives them another reason to push forward budget cuts.

And if help is need, there are many organizations standing there to support them. The European Commission and European Central Banks are at stake to protect the credibility of Euro and International Monetary Fund has always been a source of aids for member countries.

All in all, the “PIIGS” governments are trying to fix their public finance and international aids are available if needed. They are still far from default on their national debt. But, for the market, investors’ sentiment plays a part. It can have more fluctuations as investors react to news.

### Weekly economic indicator update

Country / Region	Economic Indicator		Time period	Latest	Last
China	PMI		Jan 2010	55.8	56.5
HK	Retail sales	Yoy change	Dec 2009	%	9.8%
US	Unemployment rate	%	Jan 2010	9.7%	10.0%
US	Non-farm payroll	Mom change	Jan 2010	-20K	-85K
US	Consumer credit	Mom change	Dec 2009	-USD 1.8B	-USD 17.5B
US	Factory orders	Mom change	Dec 2009	1.0%	1.1%
US	ISM non-manufacturing index		Jan 2010	50.5	50.1



### Important Note & Disclaimer:

This document has been prepared mainly as information for internal professional advisers and nothing contained in this document should be construed as an invitation or an offer to invest or a recommendation to buy or sell any particular security or to adopt any investment strategy. Although the information provided in this document is obtained or compiled from what we believe to be reliable sources, AMG Financial Group Limited and its affiliates and the author can not and does not warrant, guarantee or represent, expressly or impliedly, the accuracy, validity or completeness of any information or data made available to the recipients of this document for any particular purpose and no liability in respect of any errors or omissions is accepted by AMG Financial Group Limited or its affiliates or any director or employee of AMG Financial Group Limited or his/her affiliates or the author. The author’s views are subject to change without notice to the recipients of this document. Past performance is not necessarily a guide to future performance, the value of any investment and the income from it can rise as well as can fall as a result of currency and market fluctuations. The recipients of this document should seek for professional advice if they are in any doubt about any of the information contained herein.

US	ISM manufacturing index		Jan 2010	58.4	55.9
Germany	Retail sales	Mom change	Dec 2009	0.8%	-1.7%
South Korea	CPI	Yoy change	Jan 2010	3.1%	2.8%
Singapore	Manufacturing PMI		Jan 2010	50.2	50.6
Thailand	CPI	Yoy change	Jan 2010	4.1%	3.5%
Indonesia	CPI	Yoy change	Jan 2010	3.72%	2.78%

\* All figures and information are collected from China Federation of Logistics and Purchasing, Census and Statistics Department of Hong Kong, www.bloomberg.com, Federal Statistics Office of Germany, National Statistics Office of South Korea, Singapore Institute of Purchasing & Materials Management, Bank of Thailand, Bank Indonesia.

For any comments, please send email to us at [enquiries@amgwealth.com](mailto:enquiries@amgwealth.com).

AMG Financial Group  
5/F, Guangdong Investment Tower, 148 Connaught Road Central, Central, HONG KONG  
Telephone: (852) 3970 9595 Facsimile: (852) 3426 2650



**Important Note & Disclaimer:**

This document has been prepared mainly as information for internal professional advisers and nothing contained in this document should be construed as an invitation or an offer to invest or a recommendation to buy or sell any particular security or to adopt any investment strategy. Although the information provided in this document is obtained or compiled from what we believe to be reliable sources, AMG Financial Group Limited and its affiliates and the author can not and does not warrant, guarantee or represent, expressly or impliedly, the accuracy, validity or completeness of any information or data made available to the recipients of this document for any particular purpose and no liability in respect of any errors or omissions is accepted by AMG Financial Group Limited or its affiliates or any director or employee of AMG Financial Group Limited or his/her affiliates or the author. The author's views are subject to change without notice to the recipients of this document. Past performance is not necessarily a guide to future performance, the value of any investment and the income from it can rise as well as can fall as a result of currency and market fluctuations. The recipients of this document should seek for professional advice if they are in any doubt about any of the information contained herein.